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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 05/11/09

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ARTICLES:

- (1) Ozawa intends to resign as DPJ president; Press conference to start at 5 o'clock this evening

YOMIURI ONLINE

14:12, May 11, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa decided earlier today to step down from the post and conveyed his decision to some party executives. Even after his first state-funded secretary was indicted on charges of violating the Political Funds Control Law in connection with illegal donations from Nishimatsu Construction Co., Ozawa has announced his intention to stay on. But calls for his resignation have been growing within the party. Ozawa is expected to hold a news conference at 5 o'clock this evening to formally announce his intention to resign as DPJ president.

(2) Ozawa decides to resign as DPJ president

YOMIURI ONLINE (Excerpts)

15:18, May 11, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa decided earlier today to step down from the post to take responsibility for a violation of the Political Funds Control Law over his political funds management body, Rikuzankai.

Ozawa will hold a press conference this evening. Such persons as Secretary General Yukio Hatoyama and Vice President Katsuya Okada are being mentioned as his successor.

In the party, there were views tolerant of Ozawa continuing to service as party president. But in view of strong public criticism, Ozawa is believed to have concluded that his resignation would be inevitable in order to minimize the scandal's negative impact on the

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next House of Representatives election. The DPJ is expected to immediately select his successor. Ozawa's resignation will be a serious blow to the party that is seeking to take over the reins of government.

Ozawa in the past has insisted that he saw no illegality in political donations from the dummy political organizations of Nishimatsu Construction Co., a second-tier general contractor headquartered in Minato Ward, Tokyo, saying that he did not have the perception that the donations came from Nishimatsu.

There were growing calls within the DPJ for an early resignation of Ozawa as party head in order to bring the scandal to a close.

In the DPJ, there are those calling for producing a unified view through talks and those who think an election should be held by some candidates.

Some are eager to push Okada, with one saying, "Although he lacks glitz, he is a policy specialist with a sense of stability and has a clean image, as well." At the same time, there is a move to rally around Hatoyama who has supported Ozawa as secretary general.

(3) Interview with Russian Prime Minister Putin - The economy is top priority in relations with Japan; Hopes pinned on construction of auto-assembly plants in the Far East

NIKKEI (Top play) (Excerpts)

May 10, 2009

Hikaru Sakai, Moscow

Russian Prime Minister Vladimir Putin gave an interview to Nikkei, Kyodo News Service, and NHK ahead of his visit to Japan that will start on May 11. In the interview, the prime minister expressed hope that Japanese companies would build car-assembly plants in the Far East, indicating that he would present the Japanese side with a list of economic cooperation projects. Putin also indicated Russia's readiness to hold talks on the issue of the long-standing territorial dispute over four Russian-held islands off Hokkaido, but he stopped short of referring to taking a "creative and unconventional approach," a matter agreed upon in a summit in February between Prime Minister Taro Aso and Russian President Dmitry Medvedev. Putin demonstrated his determination to handle the

territorial issue cautiously during his upcoming visit to Japan, while prioritizing economic relations.

Putin made it clear that, during his stay in Japan, a number of intergovernmental pacts will be signed and agreements at the private level are also expected to be inked. He also presented the outlook that the two countries will be able to sign a bilateral nuclear agreement now in the final phase of coordination, to promote the use of nuclear power, including nuclear power plants, in the civilian sector.

The Russian prime minister also said that his country would present Japan, via its Foreign Ministry, with a list of economic cooperation projects that cover such areas as energy, lumber, space, machinery, communications, chemistry, and steel. He defined Japan as an important partner for developing exchanges based on advanced technologies.

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In particular, Putin highly assessed Nissan Motor Co.'s plan to open a plant in St. Petersburg in June despite the financial crisis, following the example of Toyota Motor Corp. He expressed hope, saying: "A Russian corporation plans to build an auto-assembly plant in the Far East. We will support the construction of similar plants by Japanese firms." Although the prime minister did not refer to the exact number of projects, sources say that there are some 200 projects on the list.

Regarding the territorial issue, he simply said that the development of bilateral relations on all fronts was prerequisite, playing up the stance of prioritizing results in economic cooperation through his Japan visit starting May 11. He did not answer a question about what kind of "creative approach" Russia would specifically take. The prime minister is unlikely to make any concrete proposals on the matter.

An outline of views expressed by Prime Minister Putin

Q Russia is prepared to settle the territorial dispute. To do so, the development of bilateral relations is essential on all fronts.

Q It is premature to respond to an argument to return 3.5 of the four Northern islands to Japan.

Q During his stay in Japan, the prime minister will pay maximum attention to the development of economic and trade relations.

Q Intergovernmental agreements, including a nuclear agreement, will be signed.

Q A list of projects calling for investment from Japan will be presented.

Q The new nuclear arms reduction treaty to be concluded with the United States will be linked with the missile defense (MD) program.

(4) Japan, South Korea to pave way for resuming EPA talks by upgrading consultations to deputy director general-level

NIKKEI (Page 3) (Full)
May 10, 2009

The governments of Japan and South Korea have decided to hold consultations of deputy director general-level officials soon in order to resume negotiations to conclude an economic partnership agreement (EPA). These negotiations have been suspended since November 2004. In order to prepare an environment for the consultations, the two governments will upgrade the division director-level talks that were held twice last year to deputy director general-level ones. However, due to the global economic slowdown, many South Korean business leaders remain cautious about concluding an EPA with Japan. Therefore, it is uncertain whether Tokyo and Seoul will be able to conclude an EPA.

The consultations of the deputy director general-level officials will be held before the end of March by an Asian and Oceanian Affairs Bureau deputy director general of Japan's Ministry of Foreign Affairs and deputy director general of the FTA Policy Bureau of South Korea's Foreign Affairs and Trade Ministry. The two governments plan to hold such talks several times within the year.

The Japanese government considers deputy director general-level consultations to be the final step toward full-scale negotiations, according to a senior Foreign Ministry official.

There is strong concern in South Korea that if it concludes an EPA with Japan, the inflow of Japanese products to its markets will be

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accelerated. South Korea has a chronic trade deficit with Japan. Tokyo has sought Seoul's understanding through industrial cooperation by holding forums for CEOs of small- and medium-size companies.

It is predicted that whether Japan increases its investment in South Korea will become a key point in the deputy director general-level consultations. How the Japanese government responds to the liberalization of its agricultural market that the South Korean government has called for will become a major issue.

The Japanese and South Korean governments agreed in a summit meeting in October 2003 to wrap up negotiations, including the start of consultations on a free trade agreement (FTA) within 2003, before the end of 2005. The two governments have held such negotiations six times since December 2003. However, the negotiations were suspended when the South Korean government objected because it felt Tokyo was negative about opening up its agricultural market.

After that, the leaders of the two countries agreed in their meeting in February 2008 on a policy of resuming the negotiations. A meeting of division director-level officials was held June 2008. When Prime Minister Taro Aso visited Seoul in January this year, it was agreed that the consultations should be speeded up.

(5) Putin to arrive in Japan tomorrow; Opportunity slim for progress of territorial issue; Government wants to find lead to bridge gap with Russia over "creative approach"

NIKKEI (Page 2) (Excerpts)
May 10, 2009

Russian Prime Minister Vladimir Putin is scheduled to visit Japan on May 11 and to hold talks with Prime Minister Taro Aso on the 12th. Japan wants to elicit a positive statement from Prime Minister Putin about a "new creative approach" for the settlement of the disputed Russian-held islands off Hokkaido, as was agreed upon in a summit in February between Prime Minister Aso and Russian President Dmitry Medvedev. In an interview ahead of his visit to Japan, Prime Minister Putin remained cautious about the territorial issue. Whether Japan can find a clue to resolving the Northern territories issue is unclear.

Putin will be the first Russian prime minister to officially visit Japan in three and a half years since 2005. Putin, along with Medvedev, is responsible for economic policy. In the interview, Putin indicated that the promotion of trade and economic exchanges would be the top priority in his upcoming visit to Japan, suggesting that the territorial issue is under the jurisdiction of the president.

Nevertheless, having held talks with Japan between 2000 and 2008, Putin is well-versed in the territorial issue. He has been wielding significant influence over the president even after stepping down from the post. A senior Foreign Ministry official thinks Prime Minister Putin's push is essential for moving the territorial issue forward.

In February, Aso and Medvedev agreed in Sakhalin to accelerate efforts to solve the territorial issue by pursuing a "creative and unconventional approach." Russia is expected to present its reply regarding the territorial issue in a Japan-Russia summit to be held

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on the sidelines of this year's G-8 summit to be held in Italy in July.

Japan wants to feel out Russia's response through the upcoming Aso-Putin meeting ahead of the July summit. Although Putin did not refer to the question of a creative approach, Japan believes he has discussed Russia's response with Medvedev.

During his tenure as president, Putin suggested a settlement in line with the 1956 Japan-Soviet Joint Declaration that stipulates the return of the Habomai islet group and Shikotan after concluding a peace treaty.

Possible ways to break the deadlock in the Northern Territories issue are being mentioned. One of them is a call by special envoy Shotaro Yachi for the return of 3.5 of the four Russian-controlled islands, namely the Habomai islet group, Shikotan, Kunashiri and part of Etorofu. But there still remains a huge gulf with Japan, which aims at settling the question of sovereignty over the four islands as a package.

(6) Poll on Constitution

ASAHI (Page 3) (Full)
May 2, 2009

Questions & Answers

(Figures shown in percentage, rounded off. Bracketed figures denote proportions to all respondents. Figures in parentheses denote the results of a survey conducted April 19-20, 2008.)

Q: Looking at the Constitution as a whole, do you think it needs to be revised?

Yes 53 (56)

No 33 (31)

Q: (Only for those who answered "yes") Why? (One choice only)

Because we want to create a new constitution by ourselves 9(5)

Because there is a problem with Article 9 15(8)

Because new rights and systems should be incorporated 74(39)

Q: (Only for those who answered "no") Why? (One choice only)

Because the Constitution has taken root in the nation and there's no problem that requires revising 36(12)

Because Article 9 could be changed 44(15)

Because it helps guarantee freedom and rights 14(5)

Q: Constitution Article 9 stipulates that Japan renounces war and maintains no war capabilities. Do you think it would be better to change this provision?

Yes 26 (23)

No 64 (66)

Q: (Only for those who answered "yes") How would you like Constitution Article 9 to be changed? (One choice only)

Only describe the existence of the Self-Defense Forces 50(13)

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Define the SDF as a military entity as in other countries 44(11)

Q: What do you think about future SDF activities overseas? How far do you think the SDF should be allowed to act overseas? Pick only one that is closest to your opinion. (One choice only)

The SDF should not be allowed to act overseas at all 9 (15)

The SDF should be allowed to act overseas without using force 56 (64)

The SDF should be allowed to use force if necessary 32 (17)

Q: The Constitution stipulates that all people shall have the right to maintain the minimum standards of wholesome and cultured living. How much do you think this has been realized?

Almost realized 6
Somewhat realized 45
Not realized very much 41
Hardly realized at all 6

Polling methodology: The survey was conducted April 18-19 over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Valid answers were obtained from 2,094 persons (55 PERCENT).

(7) Poll: 54 PERCENT feel their financial situations have declined

YOMIURI (Page 1) (Abridged)
May 4, 2009

The Yomiuri Shimbun conducted a face-to-face nationwide public opinion survey on April 25-26, in which a total of 54 PERCENT answered "yes" when respondents were asked if they felt their financial situations had declined compared to this time last year. The figure was dramatically worse than the result of the last survey conducted in December 2006 in which 25 PERCENT answered "yes" to the same question. This is the second highest figure next to 59 PERCENT from a survey taken in February 1980 in the aftermath of the second oil shock. It indicates that the public is actually feeling the effects of the current severe economic slump.

When asked about daily life, "no change" decreased to 43 PERCENT (69 PERCENT in the last survey). "Better off" accounted for only 3 PERCENT (6 PERCENT in the last survey). However, when asked about prospects for the Japanese economy, "no change" accounted for 51 PERCENT , with "worsen" for 26 PERCENT and "improve" for 19 PERCENT .

Respondents were also asked if they felt uneasy about their own or their families' jobs. In response to this question, a total of 78 PERCENT answered "yes," with 21 PERCENT saying "no." Those who answered "yes" were further asked to select to multiple answers for their concerns. To this question, "decreased income" accounted for 76 PERCENT , exceeding all other answers. Among other answers, "life after retirement" accounted for 49 PERCENT , with "health, such as overwork" for 35 PERCENT .

The survey covered a total of 3,000 persons chosen from among the nation's voting population, and answers were obtained from 1,810 persons (60.3 PERCENT).

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(8) Japanese companies raising hopes for taking part in development of Iraqi oil fields with 115 billion barrels of reserves

YOMIURI (Page 9) (Full)
May 11, 2009

Japanese companies are now off and running to secure interests in oil fields in Iraq. Calling the effort a "Rising Sun Project," they are geared up to generate momentum for independent development of oil fields overseas, by achieving results in Iraq, which has the third highest amount of confirmed crude oil reserves in the world, where European and U.S. capital have a smaller influence than in other resource-rich countries. However, since public security risks and a lack of transparency in the nation's energy policy still remain, there is a strong feeling that their expectations are getting ahead of reality.

Iraq has come up with a policy of opening interests in its oil fields to foreign companies since the collapse of the Hussein regime in 2003 with the aim of achieving post-war reconstruction. Bidding for the development of the Rumaila oil field with confirmed reserves of 16.5 billion barrels are now in the planning stages. Successful bidders will be decided as early as this summer.

The bidding is expected to be participated in by 44 companies from Europe and the U.S. Nippon Oil Corporation (ENEOS), INPEX

Corporation, Japan Petroleum Exploration (JAPEX), Japan Oil, Gas and Metals National Corporation (JOGMEC), and Mitsubishi Corporation have placed bids from Japan.

Nippon Oil Corporation, INPEX, and JGC Corporation will compete against Italian and Spanish natural resources companies for the right to develop oil fields in southern Iraq. The decision will be reached as early as May.

Iraqi oil fields are attracting Japanese companies for their reserves - 115 billion barrels, the world's third largest after Saudi Arabia and Iran. In addition, only 15 oil fields out of 73 discovered oil fields have been fully developed due to sanctions imposed by the UN after the Gulf War. Iraqi oil fields are "undeveloped land," for which Japanese companies can compete with European and U.S. primary sellers, depending on their strategies. All the more for that reason, Japanese companies are showing eagerness with an ENEOS executive saying, "Our talks will not be just business negotiations but national interests will be at stake in them." A government source is also closely watching the outcome of the bidding, noting that it is the first step toward expanding the development of overseas oil fields, which Japan has been working toward.

Advance into Iraq also means meeting the nation's energy policy challenge of diversifying oil-supplying countries. The Middle East accounted for 87 PERCENT of Japan's crude oil imports in 2008. In particular, Saudi Arabia and the United Arab Emirates alone commanded more than 50 PERCENT. Imports from Iraq only accounted for 1 PERCENT. If Japan's advance into Iraq deepens bilateral ties, it would lead to Japan securing a new crude oil supplier.

Since the Iraqi government has highly praised Japan's technical capability, there could be room for the companies to cut into crude oil interests in that nation. Oil Minister Husayn al-Shahristani said, "Iraq expects Japanese companies to take part in the

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bidding."

However, once the companies actually advance into Iraq, they would have to be prepared for considerable risks. Public security problems still remain in Iraq, as can be seen in frequent suicide terrorist attacks. The lack of transparency in policy management has yet to be solved.

The Iraqi government in April raised ten-fold advance payments to be made after bidding, citing declining state finances due to a sharp drop in crude oil prices as the reason. Laws that will become the premises for contract methods and projects for oilfield development have yet to be consolidated. One related source said, "Whether successful bidders can actually take part in development projects is unclear.

ZUMWALT